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Message Text

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ACTION IO-14

INFO OCT-01 ADP-00 ABF-01 OMB-01 TAR-02 AGR-20 AID-20

CIAE-00 COME-00 EB-11 INR-10 LAB-06 NSAE-00 OIC-04

RSC-01 SIL-01 STR-08 TRSE-00 CIEP-02 CEA-02 AF-10

ARA-16 EA-11 EUR-25 NEA-10 SS-15 NSC-10 L-03 H-03

FMC-04 SCI-06 PA-03 PRS-01 USIA-15 RSR-01 /237 W
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R 031200Z SEP 73
FM USMISSION GENEVA
TO SECSTATE WASHDC 1519
INFO USMISSION USUN NY

UNCLAS SECTION 1 OF 2 GENEVA 4723

EO 11652: N/A
TAGS: UN, UNCTAD
SUBJECT: UN BUDGET: UNCTAD

REF: STATE 171220, GENEVA 4718

FOLLOWING ARE MISSION COMMENTS RE UNCTAD BUDGET ESTIMATES FOR 1974-1975:

1. GENERAL. MISSION BELIEVES PRINCIPAL POLICY ISSUES ON UNCTAD WORK PROGRAM AND BUDGET IS INCREASING USE BY SECRETARIAT OF REGULAR ADMINISTRATIVE BUDGET TO SUPPORT TECHNICAL ASSISTANCE ACTIVITIES. ACCORDING TD/B/434, SHARE OF TOTAL COST OF SUBSTANTIVE SUPPORT CARRIED ON REGULAR BUDGET WILL RISE FROM 43 PERCENT IN 1972 TO 57 PERCENT IN 1975. WHILE APPRECIATING THAT THERE ARE PRACTICAL PROBLEMS, ESPECIALLY HANDLING OF SMALL REQUESTS FOR TECHNICAL ASSISTANCE FROM DEVELOPING COUNTRIES, US AND OTHER GROUP B (DEVELOPED) COUNTRIES HAVE CONSISTENTLY OPPOSED DELIBERATE EFFORT OF VARIOUS DIVISIONS TO PROMOTE THEIR OWN TECHNICAL ASSISTANCE SUPPORT ACTIVITIES. SITUATION
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IS PARTICULARLY AGGRAVATED IN DIVISIONS ON INVISIBLES

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(E.G., SHIPPING, INSURANCE AND TRANSFER OF TECHNOLOGY) AND TRADE EXPANSION AND ECONOMIC INTEGRATION. WE RECOGNIZE THAT SIMILAR PROBLEM EXISTS IN OTHER UN BODIES AND WOULD NOT WISH SINGLE OUT UNCTAD AS ONLY OFFENDER. ON OTHER HAND, FAILURE OF US TO TRY TO EXERT INFLUENCE IN BUDGETARY ORGANS TO CONTROL SUCH ACTIVITIES WOULD GIVE HOLLOW SOUND TO PROTESTATIONS OF USDELS AT SUBSTANTIVE SESSIONS.

2. ACCORDING TO UNCTAD SECRETARIAT, NO REVISION YET MADE TO SECTION 14 OF UN BUDGET, WHICH PREPARED BY UNCTAD IN EARLY 1973. REVISED CALCULATIONS WILL NOT BE READY UNTIL OCTOBER WHEN ACABQ EXPECTED DISCUSS UNCTAD BUDGET. ACABQ IS CORRECT THAT ESTIMATES DO NOT TAKE INTO ACCOUNT INFLATION AND EXCHANGE RATE CHANGES SINCE JANUARY. SECRETARIAT STATES ITS SECTION 14 SUBMISSION BASED ON EXCHANGE RATE OF ONE DOLLAR EQUALS SF 3.40.

3. SECRETARIAT HAS JUST SUBMITTED TO TDB XIII STATEMENT OF FINANCIAL IMPLICATIONS OF BOARD ACTIONS (TD/B/L 334) THUS FAR IN 1973 WHICH INDICATES INCREASE OF 700 TO 900 THOUSAND DOLLARS IN 1974 AND 466 THOUSAND DOLLARS IN 1975. MISSION BELIEVES CONSULTANT AND TRAVEL COSTS FOR PROPOSED MEETING OF AD HOC GROUP ON DEBT IS EXCESSIVE AND SHOULD BE CUT. ALSO INCREASE WILL BE LOWER IF WE CAN KEEP WORKING GROUP ON CHARTER TO TWO RATHER THAN FOUR MEETINGS PER DAY. AS TO INTERGOVERNMENTAL PREPARATORY GROUP ON INTERMODAL TRANSPORT, WE SURPRISED HEAR UNCTAD MUST HIRE CONSULTANTS BECAUSE IT LACKS SPECIALISTS THIS AREA; SECRETARIAT WAS ACTIVE IN EARLY EFFORTS TO GET LDCS TO OPPOSE CERTAIN ASPECT OF ISSUES IT IS NOW BEING ASKED TO STUDY AND COMPETENCE OF UNCTAD SECRETARIAT WAS ONE OF PRINCIPAL ARGUMENTS USED BY LDCS IN INSISTING THAT ECOSOC REFER STUDY TO UNCTAD. DEPARTMENT MAY WISH DISCUSS THIS QUESTION WITH OFFICE OF MARITIME AFFAIRS.

4. FOLLOWING ARE SPECIFIC COMMENTS REQUESTED PARA 1 REFTEL.

(A) LOW PRIORITY PROGRAMS.

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ONE OF PRINCIPAL PROBLEMS WITH UNCTAD IS THAT RIGIDITY OF GROUP SYSTEM MAKES IT ALMOST IMPOSSIBLE ESTABLISH PRIORITIES. AT ONE POINT MISSION ESTIMATED THAT THREE QUARTERS OF SOME 130 ACTIVITIES WERE GIVEN HIGHEST PRIORITY. SINCE COMPLETE ANALYSIS OF ALL LOW PRIORITY ACTIVITIES NOT POSSIBLE WITHOUT SUBSTANTIAL DETAILED STUDY, WE WILL CONFINE COMMENTS TO TWO AREAS.

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(1) COMMODITY MARKETING AND DISTRIBUTION. US
HAS CONSISTENTLY OPPOSED SUCH STUDIES AND WE BELIEVE NO
NEED CONVERT TWO POSTS FROM TEMPORARY ASSISTANCE (ONE P-5
AND ONE GS) TO SPEED UP WORK ON RES 78 III. (SEE 14.56)

(2) RESTRICTIVE BUSINESS PRACTICES. SECRETARIAT
HAS LOWERED ITS PRIORITY ON WORK IN THIS AREA AS WITNESSED
BY FACT IT CHANGED MIND ON FILLING PERMANENT POST (LONG
VACANT) OF HEAD OF SECTION. AS LONG AS SECRETARIAT NOT
WILLING FILL EXISTING PERMANENT POSTS, WE QUESTION NEED
CONVERT ALL THREE POSTS PROVIDED FROM TEMPORARY ASSISTANCE.
(SEE 14.72)

(B) REDUCTIONS OF MEETINGS.

(1) EXPERT GROUPS. SECTION 14 SUBMISSION (TABLE
14-3) CONTAINS REQUEST FOR 17 EXPERT GROUPS IN PERIOD 1974-
1975. MOST OF THESE NOT SPECIFICALLY REQUESTED IN RESO-
LUTIONS CITED AS IS IMPLIED BY DOCUMENT AND OBJECTIVES
OF SEVERAL MEETINGS NOT CLEARLY SPECIFIED. MISSION BELIEVES
IT IS IN US INTEREST INSIST ON EXPLICIT AUTHORITY FOR SUCH
GROUPS TO EXTENT POSSIBLE AS MEANS OF INFLUENCING TERMS OF
REFERENCE. ON THIS BASIS WE WOULD QUESTION TWO GROUPS ON
TRADE WITH SOCIALIST COUNTRIES, FOUR GROUPS ON COMMODITIES
(ESPECIALLY THOSE DEALING WITH RES 78 III) AND PARTICULARLY
TWO GROUPS (WHOSE OBJECTIVES NOT SPECIFIED) ON TRANSFER OF
TECHNOLOGY. OTHER MARGINAL GROUPS WOULD BE: INTERNATIONAL
SUB-CONTRACTING AND INDUSTRIAL PROCESSING ZONES (WHICH
OVERLAP WITH UNIDO WORK) AND PORTS, FREIGHT RATES AND MARINE
INSURANCE.

(2) COMMODITY CONFERENCES. WE QUESTION NEED ALLO-
CATE 10 WEEKS TO SUCH CONFERENCES. COCOA AND OLIVE OIL
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AGREEMENTS ONLY RECENTLY CONCLUDED AND SUGAR SCHEDULED BE
CONCLUDED IN 1973. SINCE NO SPECIFIC PROPOSALS EXIST FOR
COMMODITY AGREEMENTS, WE QUESTION NEED FOR SUCH LARGE CUSHION.

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(3) COMMODITY CONSULTATIONS. MOST OF INTENSIVE COM-
MODITY CONSULTATIONS WILL BE HELD AND PAID FOR BY FAO.
(UNCTAD WILL PAY ONLY FOR RUSSIAN INTERPRETATION SERVICES.)
SINCE COMMITTEE ON TUNGSTEN WILL HANDLE TUNGSTEN CONSULTA-
TION, WE SEE NO NEED FOR PROVISION FOR SESSION OF WORKING
GROUP ON TUNGSTEN. TO CARRY OUT REMAINING INTENSIVE CON-
SULTATIONS, UNCTAD NEEDS PROVISION FOR MEETINGS ON TWO COM-
MODITIES (HIDES AND SKINS AND MANGANESE ORE) PLUS PERHAPS
PHOSPHATES (IF AGREED AT EDB XIII). SECRETARIAT WILL BE SO
BUSY WITH ABOVE INTENSIVECONSULTATIONS UNDER RESOLUTION 7
VII OF COMMITTEE ON COMMODITIES THAT WE SEE LITTLE POSSI-
BILITY (AND SURELY NO NEED) HOLD OTHER TYPES OF CONSULTA-
TIONS. THUS 5 TO 6 WEEKS (RATHER THAN 10 WEEKS PROPOSED)
WOULD SEEM ENOUGH TO COVER UNCTAD NEEDS.

5. FOLLOWING ARE COMMENTS ON POINTS RAISED PARA 2 F REFTEL
BY ACABQ:

(A) INFLATION AND EXCHANGE RATES. SEE PARA 2 ABOVE.

(B) POSTS. WE AGREE.
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(C) TRAVEL. WE AGREE.

(D) DOCUMENTS. WE FULLY AGREE. VOLUME OF UNCTAD
DOCUMENTATION IS VIRTUALLY UNCONTROLLED. THOUGH THIS OF
COURSE RESULTS IN PART FROM INABILITY OR UNWILLINGNESS OF

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77 TO LIMIT RANGE OF ACTIVITIES OR SET REALISTIC PRIORITIES,
MANY STUDIES ARE MUCH TOO LONG AND OTHERS ISSUED TOO LATE
FOR APPROPRIATE REVIEW BY GOVERNMENTS. WE BELIEVE REDUCTION
IN FUNDS AVAILABLE FOR DOCUMENTATION IS ONLY PRACTICAL CON-
TROL MECHANISM WE HAVE.

(E) TRANSFER OF TECHNOLOGY. WHILE UNCTAD MANDATE IN
RES 39 III IS QUITE BROAD WE STILL BELIEVE ACABQ IS CORRECT.
THIS IS NEW AREA FOR UNCTAD AND INVISIBLES DIVISION MAKING
EVERY EFFORT MOVE INTO AREAS ALREADY COVERED BY MANUFACTURES
DIVISION OF UNCTAD AND BY WIPO AND UNIDO. ALSO, IMPORTANT
TO NOTE THAT SECRETARIAT HAS NO FIRM FUNDING FOR OPERATIONAL
PROGRAMS FOR TECHNICAL ASSISTANCE SUPPORT OF $100,000 IN
1974 AND $200,000 IN 1975 (SEE PARA 73 OF TD/B/441).

6. GENEVA 4718 INDICATED THAT GENEVA GROUP PLANS CONSIDER
QUESTION OF UNCTAD BUDGET ON SEPTEMBER 10. MISSION WILL
SUPPLEMENT THIS REPORT WITH POINTS MADE BY DELS AT THAT
SESSION.MILLER

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Disposition Remarks:
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